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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
DEPARTMENT OF REVENUE

In the Matter of)
) RM _____
Access Billing Requirements)
for Joint Service Provision)

PETITION FOR RULEMAKING

U S WEST Communications, Inc. ("U S WEST"), through counsel and pursuant to Section 1.401(a) of the Federal Communications Commission's ("Commission") Rules,¹ hereby requests that the Commission initiate a rulemaking proceeding to eliminate the single bill requirement in cases where access service is jointly provided under meet point billing contracts between U S WEST and other participating local exchange carriers ("LEC").² Circumstances have changed significantly since the single bill requirement was adopted in 1988. Any remaining benefits of the single bill requirement are far out-weighted by the costs and difficulties of implementing this requirement where access service is jointly provided with large numbers of small LECs.

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¹47 CFR § 1.401(a).

²See In the Matter of Access Billing Requirements for Joint Service Provision, Order, 65 Rad. Reg. (P&F) 2d 650, 670 ¶ 95 (1988) ("Order" or "Meet Point Billing Order").

I. BACKGROUND

The Commission first adopted the single bill requirement for meet point billing arrangements in 1988.³ At that time, virtually all LECs basically used a common interstate rate structure. U S WEST and the LECs with which it had meet point billing arrangements negotiated billing contracts and implemented the single bill requirement in accordance with the Commission's rules. With the expiration of the Modification of Final Judgment's equal charge per unit of traffic requirement and the adoption of restructured local transport rates, further modifications in LEC billing systems were required.

Initially, it did not appear that the local transport restructure would have a significant effect on the single bill requirement since it was assumed that all LECs would continue to have similar rate structures. However, significant billing modifications were required even in those instances where both LECs (i.e., participating in the joint provision of local transport) implemented the local transport restructure. In such cases, billing systems still had to be modified to reflect differences in distance sensitive rate structures (i.e., mileage) and the existence or absence of access tandems.

On August 1, 1993, the Commission issued a Public Notice inviting non-Tier I LECs who had not received a bona fide request for direct-trunked transport to apply for waiver of all or part of the requirements of the local transport

³Id.

restructure.⁴ The Commission granted numerous waivers, including a general waiver that the National Exchange Carrier Association had filed on behalf of its participating carriers who satisfied the requirements of the Public Notice.⁵ Recognizing that many recipients of waivers also were involved in meet point billing arrangements, the Commission also granted a one year waiver to allow multiple billing arrangements where LECs with meet point billing arrangements had different local transport rate structures.⁶ In waiving the single bill requirement for 12 months, the Commission reiterated its support for the single bill requirement and urged LECs to cooperate on implementing single bills.

Rather than continuing to support the single bill requirement, the Commission should eliminate it entirely. The single bill requirement is no longer necessary to accomplish the Commission's original objectives -- reducing both the cost and the difficulty of bill verification for interexchange carriers ("IXC") purchasing jointly provisioned switched access. The following sections demonstrate why the single bill requirement is no longer necessary and how it may result in inefficient and uneconomic billing arrangements.

⁴See Public Notice, Transport Rate Structure and Pricing, 8 FCC Rcd. 6250 (1993) ("Public Notice").

⁵See In the Matter of Petitions for Waiver of Transport Rate Structure and Pricing Requirements, Order, 74 Rad. Reg. (P&F) 2d 430, 438 ¶ 40 (1993).

⁶Id. ¶ 34.

II. THE PUBLIC INTEREST IS NOT SERVED BY UNECONOMIC BILLING ARRANGEMENTS

Prior to implementation of the Local Transport Restructure, all switched access was billed on a per minute of use ("MOU") basis. With the introduction of restructured Local Transport rates, only tandem-switched usage continues to be billed on a MOU basis -- entrance facilities and dedicated transport are priced and billed on a flat-rate basis -- and is the only portion of the local transport revenue stream that is subject to the single bill requirement. As a result, "single bill" revenues have decreased substantially. The cost of producing a single bill for tandem-switched revenues is the same or greater than when all local transport revenues were subject to the single bill requirement. With smaller LECs the "billing cost/billed revenue" ratio may rise to uneconomically high levels -- sometimes exceeding 25 percent -- under single bill contracts. The public interest is not served by requiring LECs to render single bills in such instances

III. CIRCUMSTANCES HAVE CHANGED SINCE THE COMMISSION FIRST ADOPTED ITS SINGLE BILL REQUIREMENT

When the Commission first adopted the single bill requirement in 1988, LECs had a common rate structure for interstate access. Even then, the Commission allowed LECs to select the multiple bill option if a LEC could demonstrate that it satisfied three criteria.⁷ Circumstances have changed

⁷We interpret the relevant Orders to mean that a LEC might justifiably select the multiple bill option if that LEC: (1) either implemented meet point billing at a time before the development of single bill options, or is so small that conversion would be impractical; (2) makes a persuasive showing of the difficulties (financial, technological, and administrative) of conversion; and (3) offers adequate

significantly since the Commission first adopted its single bill requirement in 1988.

A. Local Transport

By waiving local transport restructure requirements for small LECs, the Commission has created a situation where local transport customers may face two different rate structures. The justification for the single bill requirement all but evaporates in those cases where local transport is jointly provided by two LECs using different rate structures. Such changed circumstances justify the elimination of the single bill requirement in those cases where service is jointly provided by LECs using different rate structures.

B. LATA Level Billing

In the past, the single bill requirement had the advantage of ensuring that IXCs would experience a significant reduction in the number of bills from LECs for jointly provided facilities than under multiple billing arrangements. This is no longer true today. With the Ordering and Billing Forum's ("OBF") approval and U S WEST's implementation during 1993, of a LATA level billing enhancement, the number of bills that an IXC receives each month will not change with the cancellation of single bill arrangements. Prior to the implementation of this enhancement, under multiple billing arrangements, an IXC would receive a separate bill from U S WEST for each other LEC within a LATA with which

assurance that it has incorporated, and strictly follows, the MECAB [Multiple Exchange Carrier Access Billing] guidelines for bill verification." Order, 65 Rad. Reg. (P&F) 2d at 666 ¶ 73.

U S WEST jointly provisioned services and separate bills from each participating LEC. Thus, if U S WEST and 50 other LECs served a given LATA, an IXC could receive up to 100 bills under previous multiple billing arrangements. Under LATA level billing, an IXC will receive one bill from U S WEST and one from each other LEC or up to 51 bills in the preceding example. With LATA level billing, an IXC would receive the same number of bills from LECs under multiple bill arrangements as under single bill arrangements.

C. Competitive Tandem Switching

Furthermore, since the adoption of the single bill requirement in 1988, and the temporary one-year waiver of the single bill requirement in 1994, the Commission adopted a policy promoting the development of a competitive tandem marketplace.⁸ In the Expanded Interconnection proceeding (i.e., Phase II), the Commission required Tier I LECs, such as U S WEST, to provide new signaling parameters to providers of competitive local transport services that utilize tandem switches. The Phase II Order recognized that the provision of local transport by such competitive tandem providers would inherently involve multiple -- not single -- billing arrangements. That is, in instances where IXCs use competitive access tandem providers, the Phase II Order recognizes that the IXCs may be receiving multiple bills -- one bill from the competitive access tandem provider for its portion of the local transport service, and a second bill from the LEC for its portion of local

⁸See In the Matter of Expanded Interconnection with Local Telephone Company Facilities Transport, Phase II, Third Report and Order, 9 FCC Red. 2718 (1994).

transport (e.g., Carrier Common Line, Local Switching and Residual Interconnection Charge).

In recognition of its policies promoting a competitive local transport market, the Commission should allow LECs the flexibility to adopt multiple billing arrangements in appropriate circumstances. Clearly, it would be unfair to require two LECs who jointly provide local transport services to do so under a single bill arrangement, while permitting multiple bill arrangements in those instances where local transport is jointly provided by a LEC and a competitive tandem switching provider.

IV. IXCS WILL NOT BE HARMED BY ALLOWING LECS TO USE THE MULTIPLE BILL OPTION

The primary concerns behind the adoption of the single bill requirement in 1988, as a replacement for multiple billing were the difficulty of verifying LEC bills for jointly provisioned access and the cost of doing so in a multiple bill environment. Both these concerns have been largely mitigated by the implementation of LATA level billing discussed in the preceding section. Bill verification is greatly simplified with LATA level billing in a multiple billing environment -- an IXC need not examine any more bills than under the single bill option.⁹

⁹IXC bill verification is further facilitated by U S WEST's adherence to MECAB guidelines. Adherence to these guidelines was one of the criteria which the Commission indicated in its 1988 Meet Point Billing Order might justify LEC use of the multiple bill option. See supra note 7.

Even if the single bill option was required in all cases, IXCs would still have a portion of local transport (e.g., flat-rated charges) billed under a multiple bill arrangement.¹⁰ Thus, IXCs will not be harmed by elimination of the single bill requirement.

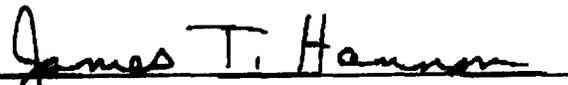
V. CONCLUSION

For the foregoing reasons, U S WEST respectfully requests that the Commission initiate a rulemaking to eliminate the single bill requirement for jointly provisioned access services.

Respectfully submitted,

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November 1, 1994

¹⁰In accordance with the OBF agreement on LEC billing for local transport, flat-rated charges associated with entrance facilities and direct-trunked transport will be billed in the same manner as special access (i.e., U S WEST and most other LECs use the multiple bill option for billing special access).

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 1st day of November, 1994, I have caused a copy of the foregoing **PETITION FOR RULEMAKING** to be served via hand-delivery upon the persons listed on the attached service list.



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